Representation received from All Indian Bank Officers' confederation about malpractices in Syndicate Bank

1228. SHRI ASHIS SEN: Will the Minister of FINANCE be pleased to state:

(a) whether any representation has been received by Government from All India Bank Officers' Confederation about victimisation of office-bearers of Syndicate Bank Officers' Association and the unfair practices adopted by the Management of the Bank in dealing with the officers; and

(b) if so, what steps have been or are being taken by Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) and (b) All India Bank Officers' Confederation has submitted a representation to the Chairman and Managing Director of the Syndicate Bank and Government requesting, interalia, to initiate a dialogue on the issues raised by them. The bank has been advised to consider the suggestion of the All India Bank Officers' Confederation to sort out the issues.

Fraud in Bank of Credit and Commerce International

1229. SHRI VIREN J. SHAH: Will the Minister of FINANCE be pleased to state:

(a) whether Government attention been drawn to the news item entitled "Worldwide closure of BCCI after top-level fraud" published in the Finance Express, New Delhi, of the 7th July, indicating that the Bank of Credit and Commerce International was shut down on Friday, the 5th July, 1991 after the discovery of a suspected large scale fraud;

(b) what steps Government propose to protect the Indian depositors whose deposits at the Bobmay branch of BCCI as per news paper reports stood at rupees 365 crores at the end of March 1990;

(c) whether a Board similar to the Deposits Protection Board of England which guarantees depositors 75 per cent of their deposits would be set up in India; and

(d) if not, what are the reasons thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) Yes Sir.

(b) Consequent upon the appointment of Receiver, by Monetary Regulator of Cayman Islands to assume control of the Affairs of BCCI, RBI issued instructions to the local office of the bank to suspend its operations unless otherwise permitted in writing by RBI Subsequently on 15th July, 1991 RBI moved the High Court at Bombay under the provisions of the Banking Regulation Act, 1949 for the liquidation of the local office of the bank and also for the appointment of Provisional Liquidator. Bombay High Court has granted interim order appointing State Bank of India as Provisional Liquidator of BCCI (Overseas) Ltd., Bombay branch. SBI has already taken possession of the affairs of the bank as per the said order on 16.7.91. The liquidation proceedings are aimed at keeping the assets and liabilities of the Bombay branch distinct and separate from the global operations and to ensure that the assets are appropriated to meet the claims of depositors of the Indian branch.

(c) and (d) The Deposit Insurance and Credit Guarantee Corporation provides insurance coverage on deposits in all domestic branches of each insured bank in India, including branches of all foreign banks operating in India. Hence establishment of another institution similar to the Deposit Protection Board of England is not considered necessary.